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TRADE AND DEVELOPMENT BOARD

Ninth Special Session (Second Part)

SUMMARY RECORD OF THE 486th MEETING

held at the Palais des Nations, Geneva,
on Wednesday, 25 January 1978, at 3.25 p.m.

President: Mr. de ALWIS (Sri Lanka)

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PURSUANT TO CONFERENCE RESOLUTION 94 (IV), REVIEW OF ACTIONS CONCERNING THE INDEBTEDNESS OF DEVELOPING COUNTRIES, IN PARTICULAR, THE DISCERNING OF FEATURES WHICH COULD PROVIDE GUIDANCE IN OPERATIONS RELATING TO DEBT PROBLEMS (agenda item 2) (TD/B/670, TD/B/685 and Add.1-3; TD/AC.2/9) (continued)

CONSIDERATION OF PROPOSALS MADE BY DEVELOPING COUNTRIES AND OF OTHER VIEWS EXPRESSED AT THE FIRST SESSION OF THE INTERGOVERNMENTAL GROUP OF EXPERTS ON THE EXTERNAL INDEBTEDNESS OF DEVELOPING COUNTRIES AS REPORTED IN DOCUMENT TD/B/670 (agenda item 3) (TD/B/685 and Add.1-3; UNCTAD/CA/1022) (continued) and

CONSIDERATION OF BOARD DECISION 149 (XVI) RELATING TO LEAST DEVELOPED, DEVELOPING ISLAND AND LAND-LOCKED COUNTRIES (agenda item 4) (continued)

1. Mr. FEVRE (France), speaking on behalf of Group B, reaffirmed the importance which the countries of that Group attached to international co-operation on the question of the indebtedness of developing countries, and to continuation of the dialogue on that topic, which was recognized as one of the most important in the North-South dialogue. The ministerial meeting of the Board would mark an important stage in that co-operation and the Group B countries were preparing for it in an open and constructive frame of mind.

2. The dialogue had been initiated by the Conference at its fourth session when in resolution 94 (IV), it had outlined a programme of work for the Board at its ministerial meeting. It had been continued at the Conference on International Economic Co-operation, whose work, although it had not produced any agreement, provided a useful basis for activities to be pursued elsewhere, in particular, by UNCTAD and its Intergovernmental Group of Experts.

3. The report made to the Board by the Chairman of the Intergovernmental Group of Experts had had the great merit of clarifying the position of the different groups on the substantive issues. The conclusions of Group B experts, were that the debt problem of the developing countries was neither general nor insoluble and that, so far, the international system had reacted positively towards relieving serious individual debt problems. In that connexion, the present debt situation confirmed the validity and usefulness of the proposals submitted by the European Economic Community and the United States of America at the Conference on International Economic Co-operation. The real problem facing certain categories of developing countries was one of transfer of resources and not a general debt problem; in that connexion, the Group B experts had pointed out that the Special Action Programme announced at that Conference formed part of the efforts of Group B countries to increase the transfer of resources to low-income countries and should not be regarded as a generalized relief measure.

4. In view of the continuing divergence of opinion among the groups, it seemed unrealistic, for the time being, to try to reach agreement. On the other hand, a convergence of views or the identification of important problems relating to each agenda item would greatly facilitate the task of the ministerial meeting.

5. Mr. PANKIN (Union of Soviet Socialist Republics), speaking on behalf of Group D, said that the report of the Intergovernmental Group of Experts on its second session coincided, in many respects, with the position of the socialist countries on the debt problem of the developing countries. They agreed, in particular, on the real causes of the problem, which was due essentially to the

monetary crisis and inflation in the capitalist countries, and to the exploitation of developing countries by transnational corporations. The studies made so far had failed sufficiently to stress that the drain on developing countries' resources was caused by the payments they had to make under the head of foreign private investment and loans. Group D therefore suggested that the UNCTAD secretariat should prepare, for the third part of the session, documentation which would deal objectively with that aspect of the question.

6. The Group D delegations as a whole wished to point out that their countries had had nothing to do with the chain of events which, in the 1970s, had precipitated a world crisis of capitalist credit and consequently increased the indebtedness of developing countries. The debt problem should be solved by compensating those countries for the losses they had suffered as a result of the vicissitudes of the capitalist economy and the greed of its private monopolies. In the long term, the solution lay in a radical restructuring of international economic relations in which all forms of inequality and exploitation would be eliminated.

7. In the matter of credit, the developing countries' relations with socialist countries were quite different from their relations with developed countries: the former relations were bilateral ones which enabled the parties to envisage or find timely and mutually acceptable solutions to possible debt repayment difficulties. In particular, the socialist countries of Group D intended to continue to resolve those difficulties, as in the past, by direct negotiation with their partner, in accordance with existing intergovernmental agreements.

8. Mr. CONDE ZAMIR (Venezuela) welcomed the new members of the Board, Suriname and Zambia, and the new Member of the United Nations, Djibouti.

9. Referring to the question of the indebtedness of developing countries, he expressed his Government's gratitude to Canada, Sweden, the Netherlands and Switzerland, for the relief measures they had taken in favour of the most seriously affected countries. He paid tribute, in particular, to Sweden for having cancelled outright the debts owed to it: that was not just an act of charity but an intelligent move that would help to stimulate world trade, as the President of Venezuela had pointed out.

10. His Government considered that the debt problem should be dealt with in the context of international economic relations, particularly of North-South economic relations; it could not be divorced from questions which were closely linked to it, such as access to markets, official development assistance flows, transfer of technology, restructuring of the international monetary system and rationalization of commodity trade, which were essential for a new international economic order and the recovery of the world economy.

11. The dialogue was aiming in the right direction and formulas could be found to reconcile the different views. In that regard, the memorandum submitted by the Swedish Government was a constructive step. The debt problem must be considered from the angle of under-development and the need to revitalize the world economy. The growing indebtedness of the developing countries deprived the industrialized countries of possibilities of expansion and aggravated the under-development of the peripheral countries. A redistribution of financial resources was needed in order to stimulate production and create more employment, both in the North and in the South.

12. It was in that spirit of co-operation that Venezuela had proposed that the Organization of Petroleum-Exporting Countries (OPEC) should consider raising petroleum prices and allocate the entire proceeds of that adjustment, for one year, to paying off the debts of developing countries which had no petroleum, under an arrangement concluded between OPEC, the Group of 77 and the International Monetary Fund (IMF). That proposal would have the twofold advantage of extending the markets of the industrialized world and reducing petroleum consumption, which constituted a real threat to the future of mankind.

13. Mr. VERNENGO (Argentina) pointed out that the Falkland Islands (Malvinas) were twice listed as countries in annex I to document TD/B/685/Add.1. In fact, the Falkland Islands (Malvinas), over which Argentina claimed full and complete sovereignty, were the subject of a dispute with the United Kingdom concerning sovereignty over that territory and, pursuant to General Assembly resolutions 2065 (XX) and 3160 (XXVIII), negotiations were in progress on the matter.

14. His delegation requested that, in issuing the final version of the document the UNCTAD secretariat should take account of the General Assembly's decision of 16 December 1968 that the name to be applied to that territory in all official United Nations documents was, in Spanish, Islas Malvinas (Falkland), and in English, Falkland Islands (Malvinas). The same decision of the General Assembly further provided that any reference to that territory should be accompanied by a footnote indicating that a dispute existed between the Governments of Argentina and the United Kingdom concerning sovereignty over those Islands.

15. The PRESIDENT pointed out that the document in question had been submitted by France on behalf of the Group B countries and bore, on the cover page, a disclaimer stating that the designations employed and the presentation of material in that document were those of the submitting government or governments and that they did not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area, or of its authorities, or concerning the delimitation of its frontiers or boundaries.

OTHER BUSINESS (agenda item 7)

Replacement of the Rapporteur

16. The PRESIDENT announced that the Rapporteur of the Board, Mr. Barona Chambón (Mexico), was unable to attend the second part of the session.

17. Mr. TOBAR (Ecuador) nominated Mr. Cosío Pascal (Mexico) to replace Mr. Barona Chambón.

18. Mr. Cosío Pascal (Mexico) was elected Rapporteur.

Composition of the Working Party on the medium-term plan 1980-1985

19. The PRESIDENT said that the question of the composition of the Working Party had been the subject of consultations with the Co-ordinators. He suggested that the Board should endorse the consensus reached as a result.

20. It was so decided.

The meeting rose at 4.05 p.m.